



Minutes City Council's Finance, Economy & Veterans' Affairs Committee September 19, 2006

Minutes of the City Council's Finance, Economy & Veterans' Affairs Committee held on Tuesday, September 19, 2006, 3:00 p.m., at the Council Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Committee Members Present:

Vice Mayor Hut Hutson, Chair
Councilmember Mark Mitchell

City Staff Present:

Chris Anaradian, Development Svcs Mgr
Neil Calfee, Deputy Community Dev Mgr
Tom Duensing, Deputy Financial Svcs Mgr
Jerry Hart, Financial Svcs Mgr
Valerie Hernandez, Human Resources Mgr
John Osgood, Deputy Public Wrks Mgr
Mark Richwine, Parks and Rec Mgr
Cecilia Robles, Deputy Financial Svcs Mgr
Chris Salomone, Community Dev Mgr
Julie Stennerson, Exec Assistant
Oddvar Tveit, Environmental Quality Specialist

Guests Present:

None

Vice Mayor Hutson called the meeting to order at 3:15 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Solid Waste Fees 0210-05 No Material

Tom Duensing stated that the proposed increases to the solid waste fees will be on the Council consent agenda on 9/21. These increases represent a 4% residential increase and a 5% commercial increase. He further summarized:

- Increases will be for two consecutive years. Rates will be on track with water/sewer rate increases. Will return to Council every other year for water/sewer and solid waste rate increases at the same time.

- Will be effective November 1, 2007, and November 1, 2008.
- Increase projects the cost for fuel, personnel and landfill expenses.
- Fund is currently in good shape.
- Goal is to keep rates low but provide good service.

Jerry Hart added that the proposed rate increases will not change Tempe's position as compared to other cities. Tempe still has the second lowest rate.

Agenda Item 3 – Performance Evaluation for 4 Council Appointed Direct Reports 0101-09

Valerie Hernandez summarized that staff was directed to develop something that would be agreeable to the four Council appointees and she distributed an executive management performance evaluation forms prepared by Gretchen Maynard. This form is simply an instrument and it can be tailored for each position. Council evaluates the Council-appointed positions of City Manager, City Attorney, City Clerk and Presiding City Judge. At the direction of Council and Mayor, the Presiding City Judge also has a separate evaluation by the Judicial Advisory Board, and the Judge would prefer that she be evaluated strictly on that form.

Vice Mayor Hutson would like to review the evaluation form used by the Judicial Advisory Board.

CONSENSUS: Staff to present proposed form to Council for their input at an IRS.

Agenda Item 4 – Committee Work Plan 0101-01-03

Jerry Hart distributed a draft work plan for the committee and asked for suggestions and recommendations.

CONSENSUS: Vice Mayor Hutson and Councilmember Mitchell will review the plan and forward revisions to Jerry Hart.

Agenda Item 5 – Other Post-employment Benefits (OPEB) 0303-03-01
No Material

Tom Duensing summarized the retiree benefits/healthcare study.

- Contract with actuary in February 2006.
- Results were presented to Council at IRS on June 15th.
- If trust fund is set up, the cost would be \$19M per year.
- These are estimates and he would anticipate questions and scenarios for different possibilities.
- The \$19M does not have to funded each year.
- The City's bond rating could be affected.
- If the annual required contribution is not set up in an irrevocable trust earning interest, the cost for the City may be \$36M per year.

There was discussion regarding question of whether to fund, not fund or partially fund, whether to change or modify benefits, options for changing current benefits, involvement in decision-making process, legal implications, creation of a sliding scale, union involvement.

Mr. Duensing stated that \$19M per year only covers current employees, and the cost would go up with new employees and future hires. Current benefits would cover anyone hired until Council makes a decision. Also, at age 65, Medicare becomes the primary insurance, with the City secondary. Compared to other local cities, Tempe has the #1 benefit package:

- 10 years for healthcare
- 20 years for Public Safety retirement
- Dependents carried at 70%
- Retiree carried at 100%

There was general discussion and the following ideas for reducing costs were proposed:

- New hires would not receive current benefits.
- Stay on health plan but pay 100% of cost.
- Pay for dependents.
- Flat rate contribution (City pays a certain amount and employee or retiree pays anything over and above)
- Set up a plan comparable to other cities

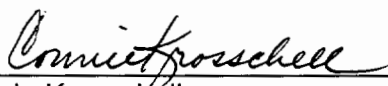
Jerry Hart felt that the long term bond would not be the best approach. The next bond rating is in the Spring of 2007.

Vice Mayor Hutson recommended funding with changes to the benefits package to help lower the funding obligations.

CONSENSUS: Jerry Hart, Tom Duensing and Valerie Hernandez will work on changes to the benefit package.

Meeting adjourned at 4:15 p.m.

Prepared by: Julie Stennerson
Reviewed by: Connie Krosschell



Connie Krosschell
Acting City Clerk